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**BELLSOUTH**

**Ben G. Almond**  
Executive Director-  
Federal Regulatory

DOCKET FILE COPY ORIGINAL

Suite 900  
1133-21st Street, N.W.  
Washington, D.C. 20036  
202 463-4112  
Fax: 202 463-4198

May 9, 1994

**RECEIVED**

**MAY - 9 1994**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**

**Mr. William F. Caton**  
**Acting Secretary**  
**Federal Communications Commission**  
**1919 M Street, NW, Room 222**  
**Washington, DC 20554**

**RE: CC Docket No. 90-314**  
**Ex Parte Presentation**

**Dear Mr. Caton:**

In accordance with the requirements of Section 1.1200 et seq. of the Commission's Rules, you are hereby notified that on May 9, 1994 Stan Hamm, Group President, Mobile Systems; Gary Hight, Executive Director-Federal Regulatory-Wireless; Tom Doughert, Executive Director-PCS Group; John Davis, Director-Technical-PCS Group and Ben Almond, Executive Director, Federal Regulatory; BellSouth Corporation met with Ralph Haller, Chief, Private Radio Bureau; Greg Rosston, Telecommunication Analyst, Private Radio Bureau; John Williams, Engineer, Private Radio Bureau; David Reed, Telecommunications Analyst, Plans and Policy Division; and Julia Kogan, Public Affairs Attorney, Land Mobile Bureau. During the meeting, we discussed issues addressed in Petition for Reconsideration and comments filed on behalf of BellSouth Corporation and certain of its subsidiaries in the referenced proceeding. The enclosed document was used for discussion purposes.

Please associate this notification with the docket in the referenced proceeding.

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If there are any questions in this regard, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben G. Almond". The signature is fluid and cursive, with the first name "Ben" being more prominent.

Ben G. Almond

Executive Director-Federal Regulatory

Attachment

cc: Ralph Haller  
Greg Rosston  
John Williams  
David Reed  
Julia Kogan

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MAY 9 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

# AGENDA

- 20 MHz Allocations Required
- Open Eligibility
- Spectrum Equality
- Mobile Satellite Services

**BellSouth**

# Limitations on 10 MHz Licenses

Spectrum limitations dictate.....

- Single application, mobility only
- Low usage service, no wireline replacement

Competitive implications.....

- Fragmented market
- Lower functionality and/or capacity
- Inability to differentiate from existing providers' services
- Limited market share

Financial impact.....

- Low revenue per subscriber
- High fixed costs

# 10 MHz Service Concepts Tested

- 1) Low Power, Limited Mobility (Pedestrian Speed Hand Off)
  - Shared telco infrastructure
  - WACs architecture (TDMA)
  - Low cost network and handsets
- 2) Combination - Limited Mobility + Cellular
  - WACs architecture, shared telco infrastructure
  - Dual mode handset (PCS + 800 MHZ cellular)
- 3) Combination - Full Mobility PCS + Cellular
  - DCS 1900 PCS architecture

Business cases were developed for each service concept and modeled within a BellSouth test market with 1.5M pops.

**BellSouth**

## Business Case Results - 2010

	<u>Limited Mobility PCS</u>	<u>Limited Mob. PCS+Cellular</u>	<u>Full PCS +Cellular</u>
Cumulative Market Share	5%	15%	15%
Annual Revenue	\$15M	\$55M	\$57M
Cum. Free Cash Flow - 2010	(\$179M)	(\$28M)	(\$73M)

Assumes 0% Cost of Capital

**BellSouth**

## **Impact On Spectrum Allocation**

- 10 MHz blocks are insufficient
- 20 MHz blocks needed for viable and spectrally efficient licenses
- Adjustments in the current allocation plan are essential

# **Revenue Contribution To Deficit Reduction**

- Expand the number of participants in the auction by increasing aggregation limits to 45 MHz
- A more balanced licensing scheme will generate greater interest among bidders and more value



## **Diversity Of Ownership/ Eligibility**

- Address diversity of ownership objectives through financial incentives and open, non-controlling equity partnerships (rather than set asides)
- Provide designated entities with the flexibility to select partners with resources and skill sets required to make their business a success

# Proposed Allocation Plan

- All Licenses of equal spectrum
- Existing providers not restricted from competing in any market
- Encourages efficient utilization of spectrum

A 20 MHz license plan eliminates many current problems and supports the FCC's goals for a competitive PCS market

**BellSouth**

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# *Mobile Satellite*

## **Major Issues**

2180-2200 MHz PCS frequencies conflict with WARC '92 worldwide allocation for MSS.

Mobile satellite users cannot co-exist with PCS systems operating in bands D-G.

Using other Emerging Technology spectrum at 2110-2130 creates contiguous block.

# *Mobile Satellite*

## **Contiguous Block Problems**

Contiguous block eliminates frequency separation for duplex operation.

2110-2130 currently occupied by Common Carrier microwave.

Contiguous block limits technology choices to TDD.

TDD not suitable for outdoor, full mobility services.

Contiguous block suitable for unlicensed services.